



# Medical Care Advisory Council

## Minutes

**Date:** Thursday, November 17, 2011

**Time:** 1:00 – 4:30 p.m.

**Where:** Michigan Public Health Institute  
2436 Woodlake Circle  
Okemos, MI

**Attendees:** **Council Members:** Deb Brinson, Barry Cargill, Priscilla Cheever, Dave Herbel, Jan Hudson, Tom Kochheiser, Dave LaLumia, Anita Liberman-Lampear, William Mayer, Marion Owen, Walt Stillner, Michael Vizena, Lonnie Barnett, Bev Crider, Kim Sibilsky, Alison Hirschel, Cindy Schnetzler  
**Staff:** Steve Fitton, Dick Miles, Charles Overbey, Jackie Prokop, Marilyn Litka-Klein, Cynthia Kelly  
**Additional Attendees:** Sashi Gregory, Jany Goetschy

**Welcome and Introductions..... Jan Hudson**

Jan Hudson opened the meeting; introductions were made.

**Budget Issues ..... Stephen Fitton**

**Federal Budget Issues - Deficit Reduction Commission ..... Stephen Fitton**

Steve indicated no new information on the progress of the Deficit Reduction Committee shared at the Medicaid Directors’ meeting, but noted block grant funding continues to be considered at the federal level. While there are many pros and cons to this type of funding, Steve felt that overall it will not be in the best interest of Michigan to support this option.

**State Budget.....Stephen Fitton/Staff**

**a. FY2012 Implementation (Claims Tax, Adult Home Help Reduction, Healthy Kids Dental Expansion...)**

Steve explained the Claims Tax will be implemented on January 1, 2012 and the Use Tax will end March 31, 2012. This overlap will maintain consistent funding for the Medicaid program. The Claims Tax will provide more replacement revenue for the Use Tax.

The Graduate Medical Education (GME) reductions totaled \$15 million. The cut could be larger in 2013 since a portion of the FY12 reduction was restored in boilerplate. Workgroups have been established to review GME and Disproportionate Share Hospital (DSH) payments. Another critical cut is in the Adult Home Help Program. Beneficiaries will be eligible only if they have Activities of Daily Living (ADL) needs, not just Instrumental Activities of Daily Living (IADL) needs. Based on new assessments, beneficiaries may or may not continue to qualify for this service. There is a phase-in period of six months to implement this change. The cut may impact up to 6,000 beneficiaries.

One Council member stated that beneficiaries cut from the Adult Home Help Program do not have lesser needs, they just have different needs. Beneficiaries may not be able to remain in their homes without these supports. There was concern that the cuts would not achieve budgeted savings as some beneficiaries may go into nursing homes at much higher costs. MDCH is receptive to any information that can be shared about the impact of this policy change. Jan Hudson asked members to share any anecdotes or facts about this cut and she will share this information with Steve Fitton.

Steve provided updates on the Healthy Kids Dental Expansion. The MDCH FY2012 budget included funds to expand into four more counties, bringing the total to 65. Since this program is administered through a waiver, MDCH cannot expand into the four counties until the Centers for Medicare and Medicaid Services (CMS) has approved the submitted waiver amendment. Implementation is now expected to be February 1, 2012. Because of the Governor’s support of this program in his Health Message, there is some hope that statewide expansion might be included in the FY2013 Executive Budget.

## Medical Care Advisory Council Minutes

November 17, 2011

Page 2 of 5

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### **b. FY2013 Budget Development**

Steve's priority for FY2013 is additional funding to improve MSA's infrastructure. FY2013 is the year prior to the Affordable Care Act (ACA) full implementation, and there is a great amount of change and work that will need to be managed and completed in preparation for implementation of the exchange and the Medicaid expansion. There will be enormous demands on staff, and MDCH will need more staffing and resources for successful implementation.

Also, ICD-10 is being adopted as the diagnosis methodology industry-wide on October 1, 2013. This change will require considerable time and effort during FY2013 to be ready. If the state is not compliant with ICD-10, the state can be fined \$1 per day per enrollee for not implementing ICD-10 on time; therefore, MDCH is motivated to be in compliance.

Chuck Overbey explained that the State Budget Office is reviewing FY2013 budget requests that all departments have submitted. The big difference between this year and prior years is that there were no budget reductions requested. In previous years, departments have been asked to submit budget reductions. Although budgetary efficiencies from departments are welcomed, no departments were asked for reductions. The Executive Budget will be presented to the State Legislature in February 2012.

### **c. State is Closing FY 2011 with a Surplus**

Book-closing for FY2011 has not been completed; however, Chuck Overbey reported a surplus is projected. The media has reported a \$500 million surplus. Discussion of how these funds will be allocated will begin soon; Chuck indicated there is significant pent-up demand in all departments, and legislators as well have suggested uses for the surplus funds.

**Affordable Care Act Implementation ..... Stephen Fitton/Staff**

### **a. Chris Priest "Detailed" to Licensing and Regulatory Affairs for Exchange Implementation**

Chris Priest has been detailed to Licensing and Regulatory Affairs (LARA) for development of the Exchange. Chris still holds his current Bureau Director position in Medicaid, but spends 100 percent of his time with LARA. LARA has the lead role in the development of the Exchange; Chris is the project manager. In Chris' absence, Dick Miles is overseeing the bureau on a day-to-day basis and is also heavily involved with ACA-related work. Medicaid has added another staff member, Amy Allen, who is responsible for the oversight and implementation of the ACA.

### **b. Exchange Planning Process and Legislation**

Sashi Gregory reported that last week the Senate passed legislation (Senate Bill 693) to establish Michigan's exchange, called the MiHealth Marketplace. Following Thanksgiving recess, the bill will go to the House of Representatives, where it is expected to be more difficult to find support. Steve Fitton anticipates changes to the Exchange Bill as it moves through the House.

Last year the state received a planning grant of \$1 million and there are still some unspent funds. Next week, the state is expecting to receive a level 1 grant of \$9.8 million from the federal government. Currently, MDCH is working on writing a level 2 grant that should be completed by the end of December. Funding is contingent on the state passing legislation to establish the Exchange.

Members requested a letter of support for establishment of a state-operated exchange be sent to the legislature. Jan will work with Deb Brinson to draft a letter.

There was discussion and some speculation about the Supreme Court's decision to hear the constitutional challenge to the ACA. Steve Fitton indicated the Supreme Court agreed to rule on the Medicaid Expansion because it has such a profound impact on the States. There are two other issues that are more technical and involve tax laws that would bind them from ruling on this until the law is implemented in 2014. If the Supreme Court rules against the mandate, the insurance industry will not be happy since it played a part in their agreement for other insurance regulatory reforms.

### **c. Dual Eligibles Integration Project and Voluntary Managed Care Enrollment**

Dick Miles stated that a significant amount of time is being devoted to the continuation of the robust stakeholder process for the dual eligibles integration project initiated in July 2011. A Request for Input (RFI) was sent out and over 500 people submitted comments. Workgroups were recently established and are underway. The first session for all four workgroups occurred earlier this week in Lansing. There are stakeholder groups for Care Coordination and Assessment, Education Outreach and Enrollee Protection, Performance Measurement and Quality Management, and Service Array and Provider Network.

Each workgroup will have three meetings; all are scheduled to be completed by mid-December. Public Sector Consultants will then produce a report summarizing the content of the meetings. Council members were advised to visit the MDCH website at

## Medical Care Advisory Council Minutes

November 17, 2011

Page 3 of 5

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www.michigan.gov/mdch and click on Integrated Care for more information on the stakeholder processes. MDCH will take all of the information gathered to develop a plan for submission to CMS in April 2012. Several members expressed concern about the short time frame for plan development and the ability to have a reasonable public review period and process. Others were concerned about developing a plan that can meet the needs of such different populations. A suggestion was made to phase-in the project either by geographic area or by specific population to make sure the services and service delivery mechanisms are in place and meet beneficiaries' needs. There was also discussion about whether the project should be opt-in or opt-out.

Michigan is one of 15 states that received funding for planning. In conjunction with the plan, a procurement process will be required with implementation by December 2012. Last summer, CMS released a State Medicaid Director letter that presented two different finance models for states to consider: one is a capitation model and the other is a managed fee-for-service model. MDCH sent a non-binding letter of intent stating we will pursue a capitation model.

Additional questions can be submitted to the Integrated Care Mailbox at [Integratedcare@michigan.gov](mailto:Integratedcare@michigan.gov).

### **d. Medicaid Expansion and Eligibility**

Sashi Gregory reported that two months ago CMS released their proposed rules on ACA Medicaid eligibility changes. The rules include simplifying eligibility groups and proposed three new methods for calculating Medicaid federal share funding or Federal Medical Assistance Percentage (FMAP) for the new eligibles and those who were previously eligibles. There will be more information forthcoming regarding the new Modified Adjusted Gross Income (MAGI). The state compiled and submitted comments. MDCH is working on an eligibility crosswalk that will show how current eligibility will crosswalk to the new MAGI calculations in 2014 with the new eligibility groups.

To implement the Medicaid Expansion, MDCH received grant funding and is working with consultants to build a spreadsheet model that will provide a better understanding of the insurance market, including the population that would go into the Exchange, and an estimate of the new Medicaid eligibles in 2014. This should be completed by the end of November, and the consultants will present the model to MDCH. MDCH is also working with a marketing consulting group that will be conducting focus groups and surveys throughout the state targeted towards people who may become the new Medicaid eligibles under 133% of the Federal Poverty Level (FPL). The intent is to find a way to identify the best outreach techniques for this population. MDCH is hoping to initiate the project in 2012 and will explore how much access this group has to technology, how familiar they are with social networking sites, and the ability of individuals to navigate automated systems. County Health Plans and Federally Qualified Health Centers (FQHC's) may be able to help as they are familiar with this population.

Jan Hudson shared some information she obtained. She believes this is not a low-income issue, but a people issue. When Social Security sent outreach letters in 2002, they mailed out applications to potentially eligible people for the MSP program. Of the 16,400,000 letters sent, only 74,000 individuals were enrolled. In New Jersey, Medicaid applications were sent to 172,000 people and only 750 kids were enrolled. Another study showed that voluntary participation in a 401K program had only 5% participation. Mandatory enrollment had 15% participation. If companies enrolled individuals and employees had to opt out, there was 91% participation.

A question was raised about timing for new managed care plans and health plan rebids in view of the Medicaid expansion in 2014.

Steve Fitton responded that Medicaid health plan re-bids or expansions to cover newly eligible populations or to cover dually eligible populations have not yet been a focus for MSA. MDCH is aware of political pressures. There is significant interest by the large companies such as Humana, Aetna, and United Healthcare. These companies are focused on Medicaid and the Dual Eligibles as a business opportunity; Medicaid Managed Care plans see an advantage to moving into the commercial side so they can cover the tax subsidized group. This is a significant business opportunity for the insurance industry.

### **Health Homes ..... Stephen Fitton**

Steve explained there is considerable interest in Health Homes, which is a component of the Affordable Care Act, and provides the opportunity for 90/10 funding. There is particular interest on the behavioral health side as it would bring primary care and mental health services together. There have been discussions about including Health Homes in the integrated care plan for dual eligibles. There is also interest in integrating other services with primary care for populations with chronic health issues. The focus is on the needs of the patients and would create care coordination capacity.

**Medical Care Advisory Council Minutes**

November 17, 2011

Page 4 of 5

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**Bridges Updates (MiBridges Expansion, Eligibility/Enrollment Delays)..... Jane/DHS**

Jane Goetschy from DHS walked members through the MiBridges Expansion and explained that it is an online portal that allows people to apply for food assistance or emergency assistance without going into an office. Currently, DHS takes 27% of food stamp applications through this portal. It is an effective means to reach the public.

An expansion will be implemented on December 17, 2011. All DHS program applications will be available online, and 22 offices have kiosks where people can apply for assistance. DHS has a grant for more kiosks and will be expanding through next year. DHS would like to have a kiosk in each office and a greeter to assist applicants in feeling comfortable using the technology.

Applicants can go online to the MiBridges portal and complete an application which takes approximately 45 to 60 minutes. Once information is submitted, applicants receive tracking numbers that direct them to their local offices. The application is routed to one of the three processing centers located in Detroit, Grand Rapids, or Lansing for registration and assignment to a case worker.

A Council member asked if there is an efficient or effective way to train staff members to assist individuals in the application process. Is there a contact that can help agencies to get more information?

Jane Goetschy answered that members can contact her or Mike Peach, Community Resource Coordinator in the central office. Jane can provide lists of local coordinators. Jan Hudson stated that individuals can contact her and she will put them in contact with the correct persons.

What is the follow-up time for letting applicants know if they are eligible?

Jane Goetschy stated that it is the same standard of promptness currently being used, which is 45 days for standard applicants, 60 days if it is disability related, or 10 days if an applicant is pregnant. As part of this process, food assistance interviews have been waived; however, cash assistance in-person interviews will be conducted.

Redeterminations are expected to be available on-line in March/April 2012.

A Council member asked if the application could be accessed on a smart phone. Applicants will have to use a computer to apply. There have been discussions about an App for smart phones, but it is not currently an option. Applicants do have an option to receive correspondence through text message.

A Council member asked if there are any concerns about fraud with the new system. Because of clearances that are done, the system is basically the same as applying in person.

A Council member asked when the standard of promptness starts. If an application is sent in after hours, it is dealt with the next business day. The process is not shortened in any way.

A Council member asked if we should expect a bump in Medicaid enrollment. Yes, DHS expects an increase in Medicaid enrollment.

**Policy Issues ..... MSA/DHS Staff**

**a. Plan First! Update and Impact of Family Independence Program (FIP) Closures on Medicaid**

Jane Goetschy stated that FIP cases that have reached the time limit are being closed. There was a great deal of concern at the last meeting about what would happen to Medicaid eligibility since FIP and Medicaid eligibility had been companion programs. Jane indicated those programs no longer have eligibility determined together, so Medicaid should not close because the FIP case closed. The system looks at each program separately. An individual can actually apply for food assistance but not Medicaid. In terms of Medicaid eligibility, unless recipients are over the income limit, there should be no Medicaid closures.

Jackie Prokop provided an update of policies that have been promulgated since the last MCAC meeting. Two policies, touched on specifically, were MSA 11-37 Enrollment of Dual Medicare and Medicaid Eligible Beneficiaries into Medicaid Health Plans and MSA 11-36 Health Insurance Portability and Accountability Act (HIPAA) 5010/National Council for Prescription Drug Programs (NCPDP) D.0 Implementation and Business-to-Business (B2B) Testing.

There has been some confusion between the Integrated Care project and the Dual Eligibles policy, (MSA 11-37). The Dual Eligibles policy allows Medicaid beneficiaries with both Medicare eligibility and Medicaid eligibility to voluntarily remain in a

**Medical Care Advisory Council Minutes**

November 17, 2011

Page 5 of 5

managed care plan when Medicare becomes effective. Prior to this change, once a managed care recipient became Medicare eligible, they were disenrolled from the managed care plan. This policy change allows them to maintain their managed care plan eligibility.

Beginning January 1, 2012, the 5010 claim format will be used. There have been two policy bulletins issued in regards to this, numerous letters have been sent, and 5010 is mentioned in every quarterly update bulletin.

Plan First! is a 1115 demonstration waiver that covers family planning services only for women ages 19-44. There is a provision in the ACA that allows MDCH to convert the waiver to a State Plan Amendment. The law also states there can be no age restriction, must include men, and must include transportation. There may be issues with the lack of an age restriction. CMS will not approve the State Plan Amendment until MDCH is ready to enroll beneficiaries. The target date to implement the change is July 1, 2012.

A Council member asked what services for men would be covered in Plan First! Sterilization services, family planning products, STD treatments, and prescriptions.

**Logisticare Update (Transportation Contract) ..... MSA Staff**

Jackie Prokop explained that MDCH has a pilot program with Logisticare as the contractor. They provide non-emergency transportation in Wayne, Oakland, and Macomb counties. DHS helps to cover and coordinate those services in the rest of the State. The contract was effective January 1, 2011. Logisticare provides transportation for Fee-For-Service beneficiaries and CSHCS dual enrollees, in addition they provide transportation to Medicaid Health plan beneficiaries for services that are carve-out of managed care, this includes dental services, substance abuse, etc. In February 2011, Logisticare served over 3,600 beneficiaries by providing over 31,000 one-way trips. In September 2011, over 4,700 beneficiaries were served by providing over 49,000 one-way trips. In February 2011, there were 335 substance abuse trips, and in September, there were 2,400.

A Council member asked if this program is successful, will it be rolled out to more counties. Steve Fitton answered that there is no formal evaluation yet and budget proposals are due now for 2013, which makes it hard to consider this an enhancement proposal for 2013. Steve is interested in expanding, but has no plans to expand statewide.

**Autism.....Stephen Fitton**

The Governor’s Health Message included support to expand autism treatment. Currently, the services provided are very fragmented and inadequate. Steve Fitton did indicate that MDCH is involved in a lawsuit regarding autism coverage and that coverage and policies for this condition will need to be evaluated.

**Chairperson for 2012**

Jan Hudson asked the group if anyone would like to be the chairperson for MCAC in 2012. Steve Fitton asked if everyone supported Jan Hudson continuing as the chairperson for another year; Jan accepted the nomination and was confirmed.

The meeting adjourned at 4:25.